



Hochschul
Rektoren
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Conference Launch

German – Australian Conference on Higher Education Financing Berlin 24 – 25 October 2003

**HE Ms Pamela Fayle
Australian Ambassador to Germany**

- I am very pleased to be here today to launch this HECS Conference and I would like to thank Ditta Bartels and Heidi Plucknett from the Australia Centre for all their hard work in making it possible. I would like to thank Frau Marijke Wahlers from the HRK (Hochschulrektorenkonferenz) who has worked closely with Ditta and Heidi from the Australia Centre. I would also like to thank Professor Peter Gaehtgens for participating in the conference and I would like to thank all those who have made the long journey from Australia to be here today, including Professor Chapman.
- I have now been in Berlin for 7 months and it is clear to me that Germany and Australia face many similar policy challenges that stem from an aging population and the pressure this puts on the economy today and in the future.
- I have also been struck by the similarities between the debate on economic and public sector reform in Australia in the 1980s and early 1990s and the debate on these issues in Germany today. The fact that we both have a Federal State system, particularly where education is concerned is another interesting similarity. Of course, there are huge differences, particularly relating to size and affluence of our economies and the additional challenges of reunification that Germany has had to deal with and still deals with.
- Nevertheless, the debates that I hear today in Germany - about labour market reform, social security reform, health care reform - are similar to the debates that took place in Australia in the 1980s. At that time, a reform process was started in Australia by a social democratic government which has been continued and expanded by a conservative government.
- One of the most contentious debates was about funding higher education. I should stress that this debate is still on-going and certainly did not end with

the introduction of The Higher Education Contribution Scheme or HECS in 1989.

- Nevertheless, the introduction of the Higher Education Administration Charge in 1987 and then HECS in 1989, certainly marked a fundamental shift in government policy. I think it's worth noting that this shift did not coincide with a change of government in Australia and was in fact introduced by the Australian Labor Party.
- Before HECS, higher education was funded through a combination of State and Commonwealth Grants and student fees up to 1974. In 1974, the student fees, then 10 percent, were abolished. Between 1974 and 1986 funding higher education was done exclusively by the Federal Government.
- HECS is a user-pay system. The aim is for those who benefit from higher education (including by earning generally higher incomes) to shoulder some of the costs of that education, but at the same time ensure that socio-economic status does not determine access to higher education. The solution was a deferred debt only repayable when a person who has benefited from higher education could afford to repay that debt.
- The Australian government still contributes to the costs of higher education: currently HECS accounts for around a quarter of the total cost of higher education.
- Sharing the costs of higher education between students and the government is, I think, a fair system. It means that the substantial and rising costs of higher education are not to be paid for entirely by the government, through taxpayers. But it avoids a system where the cost is paid for entirely by the student, which in some cases would be prohibitive. It acknowledges both that education is a benefit for individual students but also for society as a whole.
- It does not surprise me that the HECS system is being looked at by many countries in the same predicament as Australia. I know that the UK government is looking at introducing a deferred payment scheme like HECS. And the OECD has also studied the scheme.
- Finally I would like to wish you all good luck with the conference. I hope the discussion provides some food for thought for participants from Germany as well as those from Australia.

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